

Message Text

LIMITED OFFICIAL USE

PAGE 01 ABU DH 00658 111307Z

ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05

TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 ABF-01 L-03 PA-01 /089 W

-----074282 111327Z /14

P R 111220Z MAR 78

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC PRIORITY 7483

INFO AMEMBASSY JIDDA

AMEMBASSY DOHA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

LIMITED OFFICIAL USE ABU DHABI 0658

E.O. 11652: N/A

TAGS: EFIN, TC

SUBJECT: UAE LINKS DIRHAM TO SDR

REFS: (A) ABU DHABI 0225, (B) ABU DHABI 0630

1. UAEG HAS ANNOUNCED IT WILL LINK DIRHAM TO SDR INSTEAD OF DOLLAR. ANNOUNCEMENT MADE AFTERNOON OF MARCH 9. THE CENTRAL RATE WILL BE 4.7619 DIRHAMS PER SDR (SAME AS REFERENCE POINT ESTABLISHED AT DIRHAM'S CREATION IN 1973). INTERVENTION BAND WILL BE TWO AND ONE FOURTH PERCENT ON EACH SIDE OF PARITY. CURRENT MARKET RATE FOR DIRHAMS IS 4.7332 OR ONLY ONE HALF PERCENT ABOVE PARITY. INTERVENTION CURRENCY WILL REMAIN DOLLAR. NO DIRHAM-DOLLAR EXCHANGE RATE MOVEMENT IS EXPECTED BY LOCAL BANKERS AT THE MOMENT ALTHOUGH CURRENCY BOARD WILL OBVIOUSLY REVIEW RATE PERIODICALLY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ABU DH 00658 111307Z

2. COMMENT: LOCAL FINANCIAL OBSERVERS EXPECTED MOVE IN VIEW OF QATARI, BAHRAINIAN, AND SAUDI ARABIAN PRIOR LINKS WITH SDR AND CLOSE TIES WHICH BIND UAE TO OTHER GULF CURRENCIES ALREADY TIED TO SDR (REFTEL A). NEW LINK WILL CREATE A MORE STABLE DIRHAM PSYCHOLOGY SINCE IT WILL NO LONGER BE CONTROLLED BY DOLLAR EXCHANGE MOVEMENTS OVER WHICH UAE HAS

NO INFLUENCE. MOVE IS ALSO CONSISTENT WITH POSSIBLE
FUTURE INTEREST IN DISENGAGING DOLLAR FROM CALCULATION
OF OIL PRICES (REFTEL B).
DICKMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SDR, DOLLAR, DIRHAM, ECONOMIC PROGRAMS, CURRENCY STABILITY
Control Number: n/a
Copy: SINGLE
Draft Date: 11 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ABUDH00658
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780109-0853
Format: TEL
From: ABU DHABI
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780379/aaaacowj.tel
Line Count: 66
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b7ca18c9-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 ABU DHABI 225, 78 ABU DHABI 630
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3362061
Secure: OPEN
Status: NATIVE
Subject: UAE LINKS DIRHAM TO SDR
TAGS: EFIN, TC
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b7ca18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014